APRIL 27, 1981 TWO DOLLARS FIFTY CENTS

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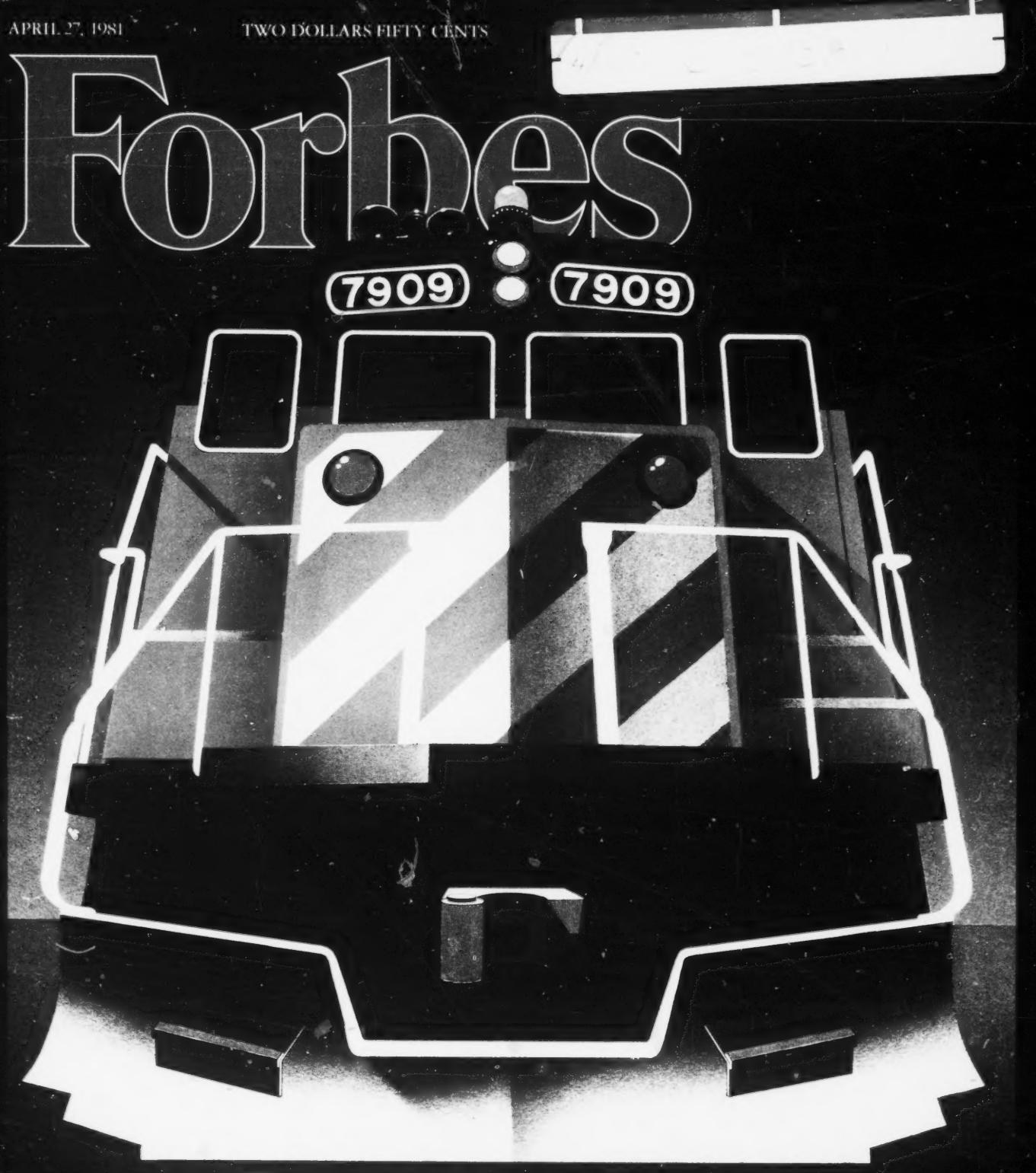

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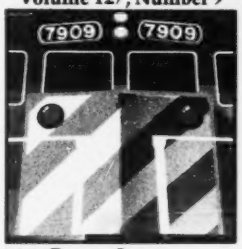
Forbes

April 27, 1981
Volume 127, Number 9



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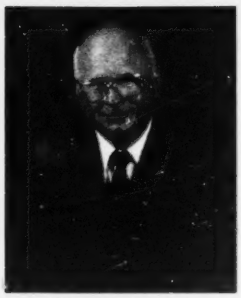

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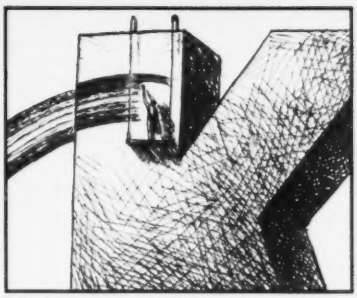

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Forbes

Money and politics make the strangest friends. If you're at a restaurant in Bucharest, don't be surprised if there's a sheikh at the next table.

The new odd couple

By Thomas O'Donnell with Anne Bagamery

ANY BANKER WORTH his three-piece suit knows that there is opportunity in every crisis. And the current problems in Poland are no exception: They offer OPEC the chance to begin playing a role in international finance that could someday rival its worldwide dominance in energy.

Such clout could come if OPEC's cash-rich banks bail out supposedly more sophisticated and experienced Western lenders that are awash with suddenly shaky looking loans to Eastern Europe. The seven Communist countries already owe $80 billion to Western banks, and they will soon need billions more. "With the money that is necessary, OPEC will have to step in," predicts a Citibanker close to the scene.

If he is right, the implications for the world economy are enormous. Until recently, OPEC has avoided playing politics with its fantastic wealth. Fully 50% of its $150 billion surplus sits in super-safe, short-term bank certificates of deposit. Despite arm-twisting by the International Monetary Fund, oil producers have long balked at lending to energy-short less-developed countries.

So why should OPEC now channel funds to Eastern Europe? "The Mideast nations may be filled with sheepherders and tent dwellers, but the leaders are highly sophisticated," says Richard Young, president of Young Research & Publishing, a Newport, R.I.-based monetary research firm. "Many have Harvard M.B.A.s. They believe they have a good chance of being paid back by the Europeans. They also believe that lending to the LDCs is like throwing money down a rathole."

Beyond that, OPEC is taking in so much money—its surplus is expected to top $1 trillion by 1985—that it must diversify. The Eastern European nations of Comecon (the Soviet-dominated Council for Mutual Economic Aid) are perhaps the best of a bad lot of hat-in-hand borrowers. Already, Libya, Kuwait and Algeria have placed several hundred million on deposit with Comecon banks. Lenders in the Gulf are also arranging medium-term credits such as January's $200 million, eight-year loan that Arab Bank and the National Bank of Kuwait helped syndicate for Romania.

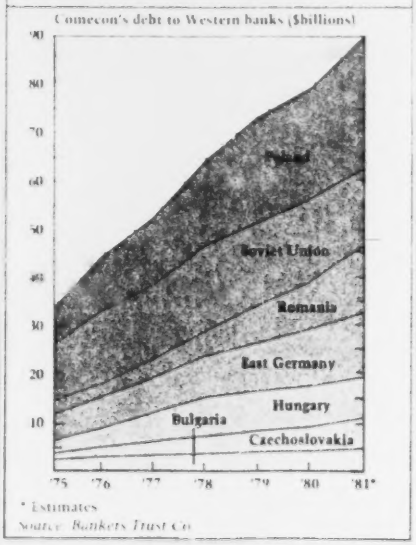
Except for Poland, OPEC believes that the Eastern bloc is still a comparatively good business risk. The OECD agrees and, as evidence, cites Comecon's trade deficit, which went from $7.1 billion in 1976 to a surplus of $2 billion in 1979. With the exception of Poland, in fact, the price Comecon countries have had to pay for money has actually decreased in recent years as maturities have lengthened. Premiums above the London interbank-offered rate, for example, which hovered around 1% in 1977 on medium-term loans, have fallen to 5/8% or even 1/2%. At the same time, the term of a typical loan has jumped from six to ten years.

Still, OPEC's major reason for cozying up to Comecon may not be economic. "OPEC now wants to use its lending as an instrument of statemanship," explains Donald Green, a Chase Manhattan Bank vice president. Surprisingly, that might help the West. Any direct links between OPEC and oil importers reduces the burden of recycling petrodollars. Beyond that, if OPEC's money men become involved with borrowers in Bucharest, Prague or Sofia, they are *de facto* front-line participants in the international banking system. That is something oil producers have studiously avoided and Western democracies have long hoped to see.

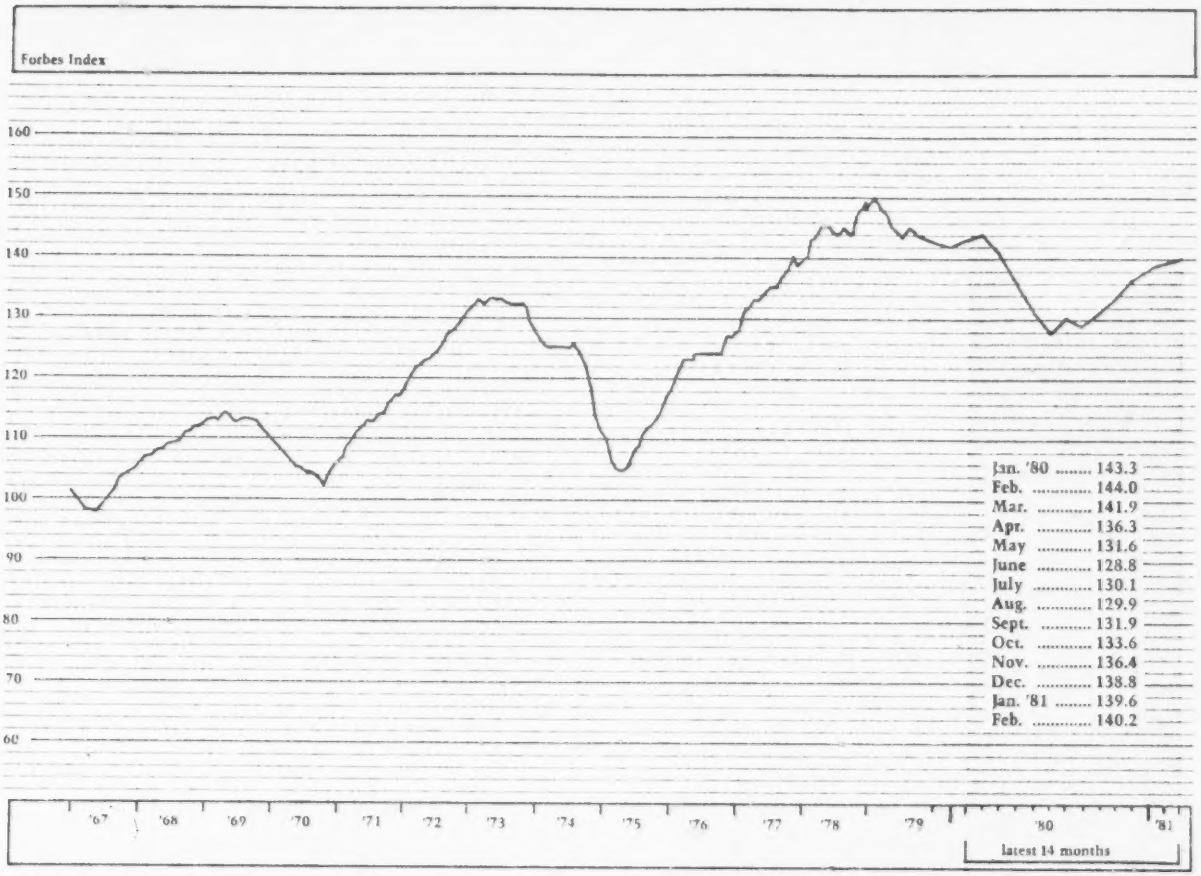
There may be another plus in this budding alliance. Now much of the Soviets' clout both with the West and with its Comecon allies comes from its position as bailer-out of last resort—the so-called "umbrella theory" that the U.S.S.R. will back up the bloc's debts. With OPEC on the scene, however, the equation becomes more complicated, and Soviet influence is probably eroded. The Arabs and the Eastern Europeans may appear the oddest of odd couples on the political landscape of the Eighties. But, for the moment, the closer they get the happier U.S. bankers and diplomats will be. ■

Leaky umbrella?

Eastern bloc debt to Western banks has tripled since 1975, largely because of the "umbrella" theory that the U.S.S.R. will back up those debts. The theory is untested, but the bloc (except Poland) may still be a reasonable risk.

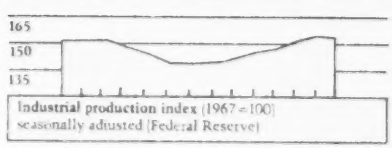


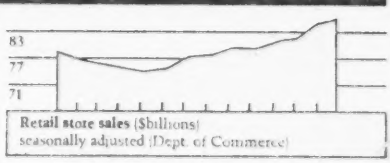
The Forbes Index

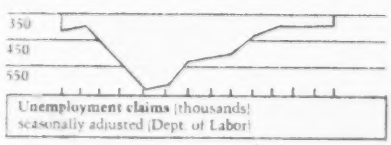


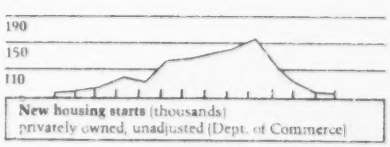
The Forbes Index Components

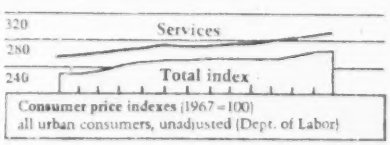
Heading for a peak. The Forbes Index is still rising—but at the slowest rate since it turned up last August. Most of the current oomph comes from manufacturers' new orders and inventories, both of which are still increasing at a brisk clip. Unemployment claims, however, also have a good-news flavor. They are now falling, after a big jump early in the year.

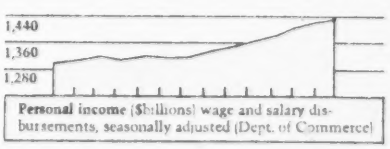


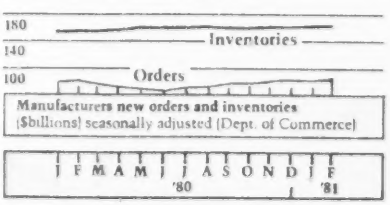


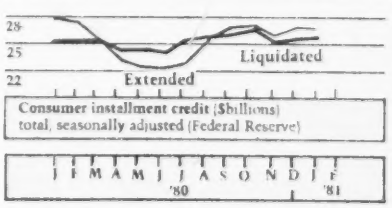












The FORBES Index is a measure of U.S. economic activity composed of eight equally weighted elements:

Total industrial production

New claims for unemployment compensation

The cost of services relative to all consumer prices

The level of new orders for durable goods compared with manufacturers' inventories

Total retail sales

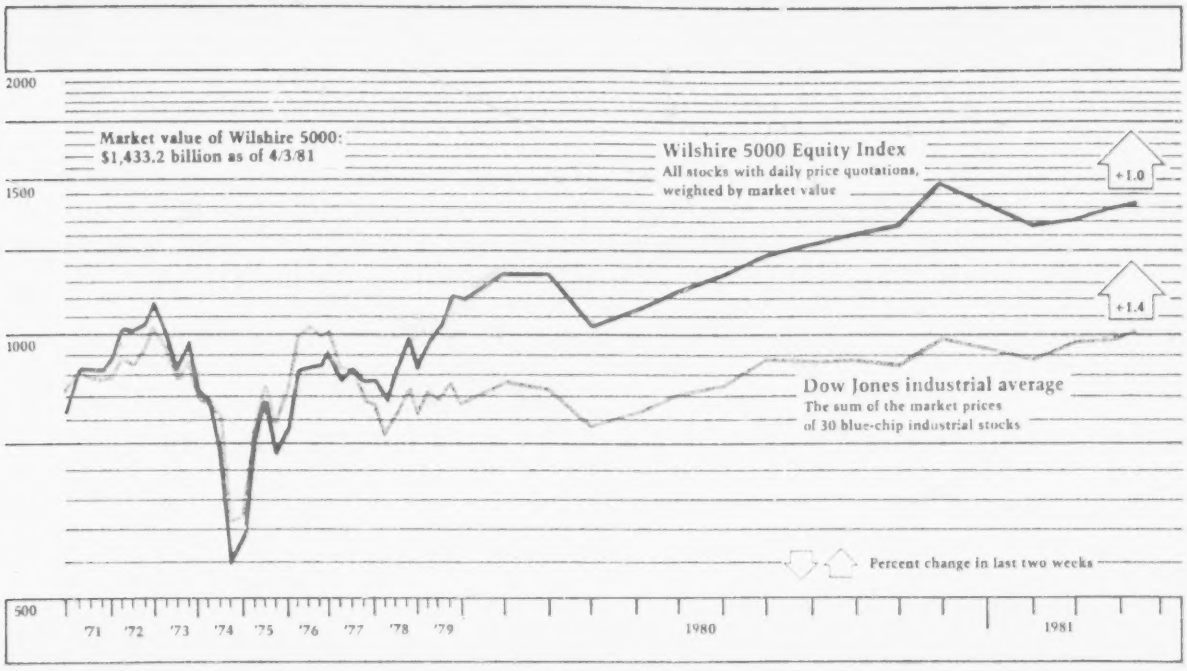
New housing starts

Personal income

The change in the amount of consumer installment debt outstanding

To measure these eight elements, FORBES monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.

The Forbes/Wilshire 5000 Review



The Dow is sending false signals. It is now outpacing the Wilshire—at least over the most recent two weeks. That's when Wall Street's most quoted indicator regularly closed above the magic 1000 mark. Sober-sided investors, however, need more than just a four-digit Dow to fuel their optimism. Much of this recent rise comes from a spurt in just one stock, American Can. Its share price jumped by 30% in the wake of recent divestiture proposals. Such is the stuff of solid market advances.

Over the longer four-week period, however, the indexes are behaving largely as they did in 1980. The strongest gains are coming from the ASE and NASDAQ, with NYSE blue chips bringing up the rear. The big winners of the moment are companies that did so well last year—high volatility, high P/E, high growth issues. One month ago, of course, the trend was just the opposite.

The sudden turnabout typifies Wall Street's overall confusion. Investors have fast-changing and contradictory feelings about the future. One moment interest rates are falling and stocks surge ahead. Two days later, inflation is rampant and stocks collapse. Nobody is really sure what's happening, so everybody changes his mind at the slightest provocation. Result: The market manages a succession of short, impressive turns—and never really moves.

Close-up On The Equity Markets

Performance of five leading indexes

Percent change	Wilshire 5000	Dow Jones industrials	NYSE Composite	ASE Market Value Index	NASDAQ Composite
in last 4 weeks	4.9	4.4	4.9	9.6	6.4
in last 52 weeks	35.9	28.4	34.8	55.7	56.3

Stock performance based on five key investor yardsticks

Percent change	Volatility *		P/E Multiple		Dividend yield		Growth profile †		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	9.3	4.9	7.2	6.0	4.7	9.0	8.6	6.3	6.8	9.0
in last 52 weeks	85.7	25.1	86.5	37.1	20.8	60.8	69.2	38.8	43.0	58.8

* A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations; low-volatility issues are more stable.

† A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

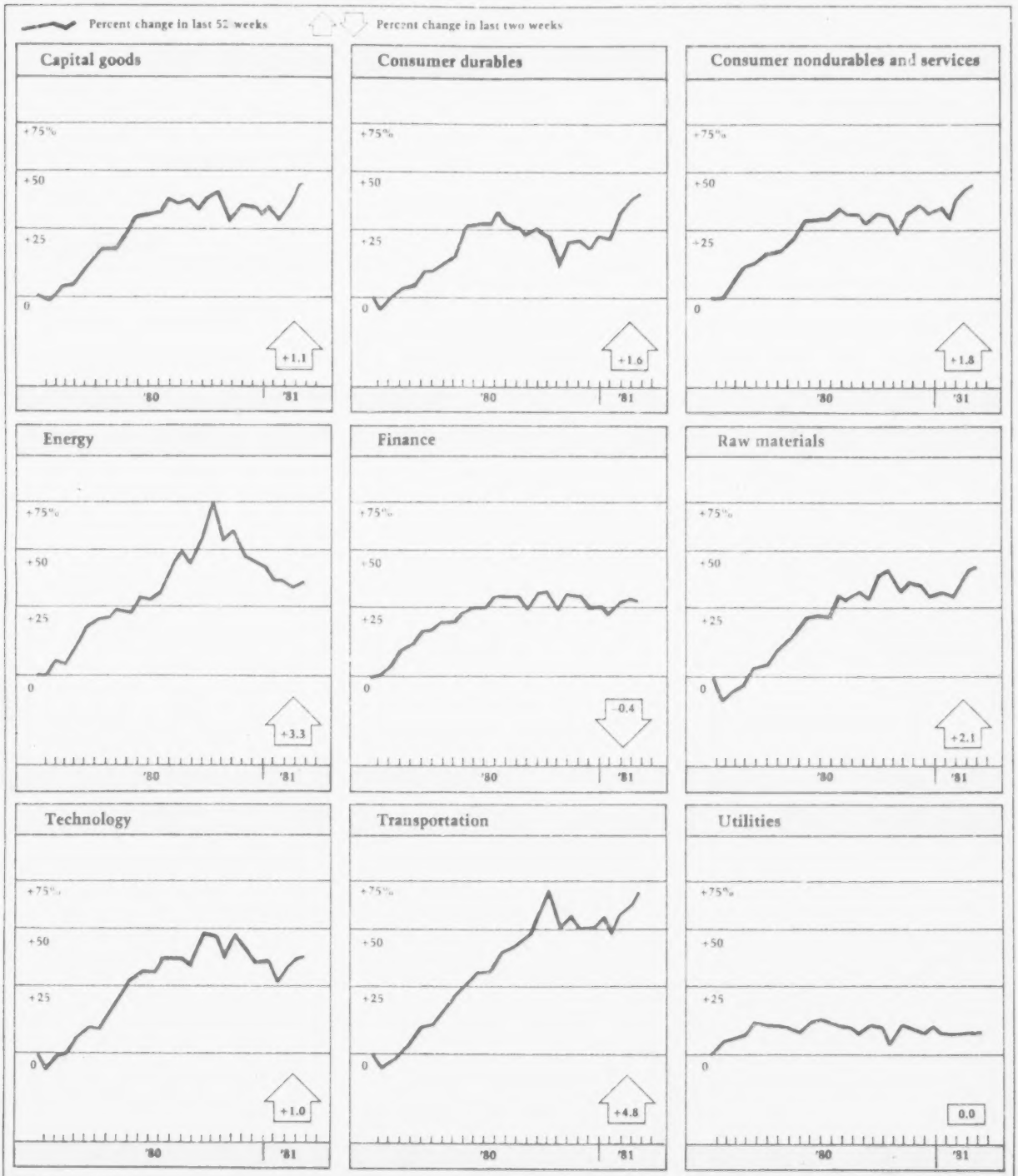
Note: All data for periods ending 4/3/81. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

Keep your eye on the top row of charts. Since 1981 began, Wall Street has been on the prowl for new leadership. Now, each of these groups—capital goods, consumer durables and nondurables—is posting impressive gains. What's more, if the concepts of technical analysis are any guide, trend lines are robustly bullish.

The solidest performance, of course, still comes from the transportation sector. It may even surge above last year's highs: Airlines are popular once again, and the resource-rich rails are gaining back some of the ground they gave up when energy stocks collapsed last year.

That debacle may be over. But consider this: Oil stocks have performed worse over the past 52 weeks than any other groups except finance and utilities.



Note: All data for periods ending 4/3/81. Prepared by Wilshire Associates, Santa Monica, Calif.

During the first quarter, investors rekindled some old flames. Today's new sweethearts? Airlines, manufactured homes and restaurants.

Wall Street's changing affections

By Steve Kichen

COMPANIES THAT HAD BEEN out of favor on Wall Street for the last few years showed some of the best gains in the first quarter of 1981. Our Winners list is laden with former pariahs in such industries as airlines, manufactured homes, apparel, electronics and restaurants. The market boosted these stocks even though, in many cases, earnings are still at a subpar level.

Few things can push the price of a stock up faster than a juicy acquisition offer, and takeover action boosted several stocks dramatically. Among the more notable Winners and their potential acquirers: Kennecott and Standard Oil of Ohio; Oscar Mayer and General Foods; AVC and Raybestos-Manhattan.

Neither Winners nor Losers are overly generous with dividends. Few of these recently volatile stocks pay market yields, and 61 of the 90 companies do not pay any dividend. By plowing back earnings many of these firms can enhance their potential for future growth.

So it may come as little surprise if a few of today's Losers become tomorrow's Winners. And if the turnaround candidates in the Winners section do not perform as expected, they just might become future Losers.

Winners and losers

The market composite indexes finished the first quarter of 1981 with generally modest gains—the NYSE index was up a mere 0.5%, the Amex, a more respectable 3.3%, and the NASDAQ, 3.9%. But, as usual, a large number of stocks did much better or worse than the market averages. Below are the 15 biggest gainers and losers on the New York and American stock exchanges and the over-the-counter market.

Company/principal business	% change since Jan. 1	Recent price	Price as of Dec. 31, 1980	Price range: Jan. 1 to present	Latest 12-months EPS	Price/ earnings ratio	Indicated dividend	Indicated yield	Annual revenue (mil)
New York Stock Exchange									
Winners									
Kennecott[1]/copper mining	106%	55⅜	26⅞	55½–23	$2.79	19.8	$1.40	2.5%	$2,255.8
Texas International/oil and gas	105	39¼	19⅛	46⅞–17⅛	0.86	45.6	0.05	0.1	84.3
Mobile Home Industries/mfd homes	100	4½	2¼	4¾– 2⅛	0.14	32.1	—	—	70.1
Armstrong Rubber/tire and rubber	97	38½	19½	39⅞–19½	4.13	9.3	1.20	3.1	401.3
LITCO Bancorp NY[2]/banking	90	24¾	13	26¼–13⅛	1.90	13.0	1.00	4.0	101.4
Piedmont Aviation/airline	90	24	12⅝	24⅛–11½	3.32	7.2	0.20	0.8	473.4
First Pennsylvania Mortgage Tr/real estate	89	2⅛	1⅛	2⅛– ⅞	d 0.49	d	—	—	6.6
Oscar Mayer[3]/processed meats	79	28¾	16	28¾–15¾	1.62	17.7	1.20	4.2	1,774.3
Farah Manufacturing/apparel	74	12⅝	7¼	12⅞– 6¼	0.73	17.2	—	—	122.7
Frigitronics/eye-care products	74	15¼	8¾	15½– 8¼	1.23	12.3	0.30	2.0	79.8
Culbro/cigars, snack foods	73	17¾	10¼	19¼–10⅜	1.10	16.1	—	—	440.9
Dillingham[4]/building	72	31⅛	18	32¼–17⅛	2.64	11.7	0.70	2.2	1,361.9
Keystone Consolidated Ind/specialty steel	70	15⅛	8⅞	15½– 9⅛	d 5.37	d	—	—	396.1
Stone Container/paper containers	69	25¾	15⅛	27¼–14⅜	2.78	9.2	0.64	2.5	379.2
Philips Industries/manufactured homes	68	12	7⅛	12⅛– 6¾	1.17	10.2	0.40	3.3	259.1
Losers									
Modular Computer Sys/computer services	–44	13¼	23⅞	24 –11¾	0.81	16.3	—	—	81.1
Beker Industries/fertilizer	–37	15	24	25 –13⅞	2.49	6.0	—	—	295.2
Empire Inc/liquid propane gas	–35	27¾	43¼	49½–24½	1.71	16.2	0.40	1.4	357.7
Coastal Corp/refining, marketing oil	–35	29⅞	46⅜	46½–28⅛	4.63	6.4	0.50	1.7	5,119.9
Charter Co/oil and gas	–35	12½	19½	20⅜–11⅞	1.59	7.8	1.00	8.0	4,563.0

[1]Standard Oil of Ohio made acquisition offer at $62 per share. [2]Banca Commerciale Italiana of Milan made acquisition offer at $35 per share. [3]General Foods made acquisition offer for $29 cash and preferred stock. [4]Company plans spinoff of certain real estate assets. [5]Contingent merger plan with Gray Drug at $20 per share. [6]Company agreed in principle to combine with Motor Oils Refining Holding Co. [7]Early in 1981 Wal-Mart Stores terminated an agreement in principle to acquire Kuhn's. [8]Merger pending with Raybestos-Manhattan. [9]Discussing possible merger with Hollywood Park. [10]Company is in Chapter 11. d: deficit. NA: Not available. NM: Not meaningful.

Source: Standard & Poor's.

Winners and losers

Company/principal business	% change since Jan. 1	Recent price	Price as of Dec. 31, 1980	Price range: Jan. 1 to present	Latest 12-months EPS	Price/ earnings ratio	Indicated dividend	Indicated yield	Annual revenue (mil)
Centronics Data Computer/computer equip	–34%	14½	22¼	24¼–12⅛	$0.63	23.0	—	—	$127.6
Commodore Intl/business machines	–33	33¼	49¾	49¼–24	1.85	17.9	—	—	125.6
Murphy Oil/oil and gas	–32	33¾	50	51½–33	4.03	8.3	$0.75	2.2%	1,966.7
Stone & Webster/engineering & construct	–31	33¾	49⅝	49⅝–33½	4.97	6.7	1.85	5.5	258.1
Ocean Drilling & Explor/oilfield services	–30	35	50	50½–32¼	2.67	13.1	0.80	2.3	697.3
Hi-Shear Industries/fasteners	–30	16¾	24¼	24⅜–16	2.52	6.6	0.50	3.0	79.6
Grow Group/specialty coatings	–30	8⅞	12¾	13½– 8	0.97	9.1	0.36	4.1	227.6
Tosco/oil refining, coal prod	–29	22¼	31⅝	33 –19¾	2.15	10.3	—	—	2,387.2
Basic Resources/oil and gas	–29	5¾	8⅛	8⅜– 5⅝	0.29	19.8	—	—	29.8
Texas Eastern/gas line, petrol marketing	–28	56½	79¼	79⅜–54⅛	8.72	6.4	3.20	5.7	4,272.9
American Stock Exchange									
Winners									
Drug Fair[5]/drugstores	131	18½	8	18⅝– 7⅞	0.99	18.6	0.40	2.2	266.5
Kirby Exploration/transportation services	112	293	138	301¾–133	8.10	36.1	—	—	73.4
Nexus Industries/apparel	108	14⅞	7⅛	15 – 7	0.66	22.5	—	—	41.1
Bethlehem Corp/metal fabricating	107	7	3⅜	7½– 2⅞	0.48	14.5	—	—	14.5
Sparkman Energy/gas pipeline	104	18⅛	9	18½– 9	0.17	NM	—	—	21.2
Frequency Electronics/electronics	101	34¼	17	37⅝–16¾	0.69	49.6	—	—	9.3
TII Industries/electronics	101	32¾	16¼	33¾–16½	1.33	24.6	—	—	15.2
Pizza Inn/restaurants	93	7¾	4	8⅜– 4	0.59	13.1	—	—	125.2
Quebecor/publishing	93	16	8¼	16⅜– 9	1.26	12.7	0.34	2.1	151.4
Kit Manufacturing/manufactured homes	92	3⅛	1¾	3¾– 1⅝	d 0.45	d	—	—	28.8
Sunair Electronics/electronics	91	17	8⅞	18⅞– 8¼	0.85	20.0	0.35	2.1	12.2
Connelly Container/paper containers	84	4⅝	2½	5⅞– 2⅝	0.47	9.8	—	—	49.5
Champion Home Builders/mfd homes	83	2¾	1½	2⅞– 1⅛	d 0.08	d	—	—	215.4
Inflight Services/films aboard airlines	81	5	2¾	5⅜– 2¼	0.30	16.6	—	—	22.0
Nortek/textiles	80	11¼	6¼	11⅝–6¼	1.41	7.9	0.80	0.7	141.0
Losers									
Askin Service[6]/retail	–52	2¾	5¾	5¾– 2½	d 1.03	d	—	—	7.7
Kuhn's Big K Stores[7]/retail	–46	2¾	5⅛	5⅝– 2¾	d 2.09	d	—	—	287.2
Solid State Scientific/semiconductors	–45	10½	19¼	19⅞–10¼	0.66	15.9	—	—	33.6
Dorchester Gas/natural gas	–36	17¾	28⅛	28½–17⅛	1.95	9.1	0.16	0.9	608.8
Health-Chem/health care supplies	–35	18½	28⅞	29¼–14	0.33	56.0	—	—	77.6
Voplex/auto equipment	–33	11¼	17	17¼–11¼	0.59	19.0	0.52	4.6	43.1
Rusco Industries/building materials	–33	1¾	2⅝	3 – 1⅝	d 1.02	d	—	—	70.2
Colonial Commercial/apparel	–33	2	3	2½– 1	d 0.86	d	—	—	30.3
Worldwide Energy/oil & gas explor and dev	–32	11⅝	17¼	17¾–11⅛	0.35	33.2	—	—	43.2
Data Access Systems/computer equip	–31	16	23¼	24⅛–13⅞	1.60	10.0	0.20	1.2	37.2
Crown Central Petrol/refining, mktg oil	–31	20	29	30 –19½	2.82	7.0	0.80	4.0	1,273.6
AVC[8]/metal fabricating	–31	8¼	12	11¾– 8	d 2.01	d	—	—	88.7
Horn & Hardart (NY)/mail order, restaurants	–30	13¼	19	19⅛–12½	0.98	13.5	—	—	128.2
Baruch-Foster/oil and gas	–30	18⅝	26⅞	28⅝–18	1.21	15.3	—	—	3.4
Summit Energy/oil & gas explor & dev	–28	22½	31⅛	31¾–20½	0.62	36.2	0.20	0.9	6.1
NASDAQ									
Winners									
Digital Switch/telecom equipment	272	8⅜	2¼	8⅜– 2	d	d	—	—	NA
Chaparral Resources/oil & gas production	164	31¾	12	31¾–10⅜	d 0.07	d	—	—	0.3
Comm Corp of America/telecom equip	163	11⅞	4½	11⅞– 4⅝	0.47	25.2	—	—	15.9
First Newport/real estate investment trust	149	9⅜	3¾	9⅝– 3¾	0.66	14.1	—	—	18.6
Enzo Biochem/enzymes	131	25½	11	27¼–10½	d 0.01	d	—	—	0.1
Morgans Restaurants/restaurants	128	4	1¾	5¼– 1½	d 0.35	d	—	—	8.1
Groman/electrical equipment	123	2½	1⅛	2½– 1⅛	0.08	31.2	—	—	22.7
Texas General Group/oil and gas	115	37¾	17½	38¾–14½	0.43	NM	—	—	14.5
Unifi/textiles	114	14¾	6⅞	14¾– 6¾	1.50	9.8	—	—	142.9
ProGroup/recreation equipment	112	2⅛	1	2⅛– 1	0.19	11.1	—	—	21.8
Amfesco Industries/shoes	110	21	10	21 – 9	3.01	6.9	—	—	34.2
Capitol International Airways/airline	100	2½	1¼	3⅛– 1	d 1.76	d	—	—	93.1
Los Alamitos Race Course[9]/race track	100	24	12	25 –11½	1.12	21.4	0.72	3.0	14.3
Sea Galley Stores/restaurants	100	16½	8¼	16½– 8¼	0.82	20.1	—	—	22.9
Washington Corp/REIT	100	2¾	1⅜	3⅜– 1⅜	0.05	55.0	—	—	2.9
Losers									
Meta Systems/electronics	–65	1½	4⅜	4¼– 1½	d 0.40	d	—	—	0.3
Clinical Sciences/health care supplies	–57	6½	15¼	15¾– 6¼	d 0.07	d	—	—	3.6
Gilman Services/drug & cosmetic distrib	–56	5⅞	13½	20 – 4¼	d 0.59	d	—	—	114.6
TPEX Exploration/oil and gas	–55	1⅛	2⅝	2⅝– 1⅛	0.01	NM	—	—	0.9
Gulf Energy/oil and gas	–55	1⅝	3⅝	3⅝– 1½	0.01	NM	—	—	3.1

Company/principal business	% change since Jan. 1	Recent price	Price as of Dec. 31, 1980	Price range: Jan. 1 to present	Latest 12-months EPS	Price/ earnings ratio	Indicated dividend	Indicated yield	Annual revenue (mil)
Comb Equip Assoc[10]/pollution cntrl equip	–54%	1⅛	3	3¼– 1⅛	$d 4.15	d	—	—	$140.5
Sloan Tech/vacuum deposited thin film	–48	3¾	7¼	8¼– 3¾	0.42	8.9	—	—	10.4
Penn Pacific/oil and gas	–48	2	4	3⅞– 1⅝	d 0.29	d	—	—	1.6
UniShelter/land developer	–47	2¼	4¼	4¼– 2	d 1.80	d	—	—	14.1
APF Electronics/electronics	–46	3¾	7	7 – 3½	d 0.28	d	—	—	23.3
Jaco Electronics/electr components distrib	–45	8¾	16	17 – 7¼	1.73	5.0	—	—	64.8
American Mgmt Sys/computer services	–45	18¼	33½	34 –18	1.40	13.0	—	—	48.6
Technodyne/electrical equipment	–42	3¾	6½	6½– 3½	0.56	6.6	—	—	29.0
Hamilton Brothers Petroleum/oil & gas prod	–42	24½	42¾	42¾–21¾	1.37	17.8	$0.10	0.4%	111.4
Amicor/heat transfer equipment	–41	2	3½	3¾– 2	d 0.17	d	—	—	59.2

[1]Standard Oil of Ohio made acquisition offer at $62 per share. [2]Banca Commerciale Italiana of Milan made acquisition offer at $35 per share. [3]General Foods made acquisition offer for $29 cash and preferred stock. [4]Company plans spinoff of certain real estate assets. [5]Contingent merger plan with Gray Drug at $20 per share. [6]Company agreed in principle to combine with Motor Oils Refining Holding Co. [7]Early in 1981 Wal-Mart Stores terminated an agreement in principle to acquire Kuhn's. [8]Merger pending with Raybestos-Manhattan. [9]Discussing possible merger with Hollywood Park. [10]Company is in Chapter 11. d: deficit. NA: Not available. NM: Not meaningful.

Source: Standard & Poor's.

Regulators are giving the railroad industry the green light to make more money.

The rail resurgence

By Steve Kichen

WITH THE PENN CENTRAL bankruptcy of 1970 and the well-publicized problems of carriers like the Rock Island, the railroad industry was anything but the darling of Wall Street. Now, of course, all that has changed. Rail stocks are the locomotives that move the market ahead. "A better regulatory environment, more efficient routes from merged lines, new technologies and new marketing concepts make the railroads more attractive investment vehicles," says James Vail, transportation analyst of the Trust & Investment Division of Chemical Bank.

The Staggers Act of 1980, for example, cleared the track several ways. It gave the railroads greater flexibility in establishing and changing rates and permitted carriers to make contracts with major shippers. What's more, the legislation led to a recent ruling by the ICC that allows a minimum return of 11.7% on railroad investments—up from 11.22% previously. "It is quite likely that competition from other railroads and truckers will prevent companies from earning that full amount in every instance," says Vail. However, the table below shows most lines still have ample room to maneuver beneath the new ceiling.

Many lines are also favorably poised to take advantage of the anticipated increase in coal traffic. "In 1980 the rails were supported largely by coal and grain shipments," Vail explains. "Recessionary pressures kept general merchandise shipments down. A turnaround in merchandise shipments on top of coal and grain shipments could result in substantially higher earnings." Beyond that, nearly all railroads have real estate and natural resources on their books at a fraction of actual value. To get an idea of what that can mean, read about Burlington Northern on page 120.

Statistical Spotlight

The little engine that could

Over the past 12 months most of the railroads below have at least doubled in price. But even at their present values, most lines show relatively low price/earnings ratios based on the more optimistic of our 1981 earnings estimates and few are even close to earning 11.7% on their railroad investment—as provided for by the Staggers Act of 1980.

Railroad	Recent price	Latest 12-month price range	Earnings per share 1979	1980	1981 E	P/E based on high estimate for 1981	Indicated yield	Book value per share	Return on railroad property investment
Burlington Northern	71	77 –33	$6.55	$7.55	$ 7.50–$ 8.00	8.9	1.8%	$65.28	4.1%
CSX	52⅛	55⅛–41⅛	6.12	7.13	8.00– 8.50	6.1	4.9	70.32	NA[1]
Missouri Pacific[2]	92	115 –52⅝	11.68	10.70	11.25– 12.00	7.7	3.9	58.51	8.4
Norfolk & Western Railroad[3]	45⅞	49½–24⅜	6.36	7.05	7.25– 7.75	5.9	5.7	49.18	8.9
Santa Fe Industries	94	109 –49⅛	8.08	10.42	11.50– 12.00	7.8	3.2	78.62	5.9
Southern Pacific	49½	52 –30⅜	6.67	5.78	5.50– 6.50	7.6	5.3	80.36	1.6
Southern Railway[4]	88½	89½–52¾	10.39	11.57	12.25– 13.00	6.8	4.8	83.51	9.1
Union Pacific	74½	96¼–37¼	4.01	4.22	5.25– 5.50	13.5	2.1	29.56	7.6

[1]Composite figure for CSX not available. Return on investment, 1979, for major lines of CSX: C&O 4.6%; B&O 4.5%; Western Maryland 9.6%; Seaboard Coast Line 7.2%; Louisville & Nashville 5.1%. [2]Shareholders to vote on merger with Union Pacific. Proposed exchange: 1.1 common and 0.275 preferred of Union Pacific for 1 share of Missouri Pacific. [3]Share for share merger with Southern Railway has been approved, to form NWS Enterprises. [4]Merger with Norfolk & Western Railroad approved. Exchange: 1 share of Southern Railway for 1.9 shares of NWS Enterprises. E: Estimate. NA: Not available.

Source: Trust & Investment Division of Chemical Bank

NOTE

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